EXHIBIT W

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 28, 2007
Commission file number: 1-7182

Merrill Lynch & Co., Inc.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**13-2740599** **(I.R.S. Employer Identification No.)**
4 World Financial Center, New York, New York **(Address of principal executive offices)**	**10080** **(Zip Code)**

Registrant's telephone number, including area code: (212) 449-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1.33 1/3 per share	New York Stock Exchange Chicago Stock Exchange
Depositary Shares representing 1/1200 th share of Floating Rate Non-Cumulative Preferred Stock, Series 1; Depositary Shares representing 1/1200 th share of Floating Rate Non-Cumulative Preferred Stock, Series 2; Depositary Shares representing 1/1200 th share of 6.375% Non-Cumulative Preferred Stock, Series 3; Depositary Shares representing 1/1200 th share of Floating Rate Non-Cumulative Preferred Stock, Series 4; Trust Preferred Securities of Merrill Lynch Capital Trust I (and the guarantees with respect thereto); Trust Preferred Securities of Merrill Lynch Capital Trust II (and the guarantees with respect thereto); Trust Preferred Securities of Merrill Lynch Capital Trust III (and the guarantees with respect thereto); Depositary Shares, Each Representing a 1/1200 th Interest in a Share of Floating Rate Non-Cumulative Preferred Stock, Series 5; Depositary Shares, each representing a 1/40 th interest in a share of 6.70% Noncumulative Perpetual Preferred Stock, Series 6; Depositary Shares, each representing a 1/40 th interest in a share of 6.25% Noncumulative Perpetual Preferred Stock, Series 7;	New York Stock Exchange

See the full list of securities listed on the American Stock Exchange and The NASDAQ Stock Market on the pages directly following this cover.

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "'smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of the close of business on June 29, 2007, the aggregate market value of the voting stock, comprising the Common Stock and the Exchangeable Shares, held by non-affiliates of the Registrant was approximately $71.7 billion.

As of the close of business on February 15, 2008, there were 969,007,029 shares of Common Stock and 2,542,982 Exchangeable Shares outstanding. The Exchangeable Shares, which were issued by Merrill Lynch & Co., Canada Ltd. in connection with the merger with Midland Walwyn Inc., are exchangeable at any time into Common Stock on a one-for-one basis and entitle holders to dividend, voting and other rights equivalent to Common Stock.

Documents Incorporated By Reference: Portions of the Merrill Lynch Proxy Statement to be filed for its 2008 Annual Meeting of Shareholders to be held April 24, 2008 are incorporated by reference in this Form 10-K in response to Part III.

Pages 1 through 16, on which appeared a portion of Merrill Lynch & Co., Inc.'s 2007 Annual Report to Shareholders, are not filed with, incorporated by reference in or otherwise to be deemed a part of this Annual Report on Form 10-K.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward−Looking Statements and Non−GAAP Financial Measures

We have included certain statements in this report which may be considered forward−looking, including those about management expectations, strategic objectives, growth opportunities, business prospects, anticipated financial results, the impact of off−balance sheet exposures, significant contractual obligations, anticipated results of litigation and regulatory investigations and proceedings, risk management policies and other similar matters. These forward−looking statements represent only Merrill Lynch & Co., Inc.'s ("ML & Co." and, together with its subsidiaries, "Merrill Lynch", the "company", "we", "our" or "us") beliefs regarding future performance, which is inherently uncertain. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause our actual results and experience to differ materially from the expectations and objectives expressed in any forward−looking statements. These factors include, but are not limited to, actions and initiatives taken by both current and potential competitors and counterparties, general economic conditions, market conditions, the effects of current, pending and future legislation, regulation and regulatory actions, the actions of rating agencies and the other risks and uncertainties detailed in this report. See "Risk Factors that Could Affect Our Business". Accordingly, readers are cautioned not to place undue reliance on forward−looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward−looking statements to reflect the impact of circumstances or events that arise after the dates they are made. The reader should, however, consult further disclosures we may make in future filings of our Annual Report on Form 10−K, Quarterly Reports on Form 10−Q and Current Reports on Form 8−K.

From time to time, we may also disclose financial information on a non−GAAP basis where management uses this information and believes this information will be valuable to investors in gauging the quality of our financial performance, identifying trends in our results and providing more meaningful period−to−period comparisons. For a reconciliation of non−GAAP measures presented throughout this report see Exhibit 99.1 filed with our 2007 Form 10−K.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, DC 20549. Please call the SEC at 1−800−SEC−0330 for information on the Public Reference Room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that we file electronically with the SEC. The SEC's internet site is www.sec.gov.

Our internet address is www.ml.com, and the investor relations section of our website can be accessed directly at www.ir.ml.com. We make available, free of charge, our proxy statements, Annual Reports on Form 10−K, Quarterly Reports on Form 10−Q, Current Reports on Form 8−K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. These reports are available through our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. We have also posted on our website corporate governance materials including our Guidelines for Business Conduct, Code of Ethics for Financial Professionals, Director Independence Standards, Corporate Governance Guidelines, Related Party Transactions Policy and charters for the committees of our Board of Directors. In addition, our website (through a link to the SEC's website) includes information on purchases and sales of our equity securities by our executive officers and directors, as well as disclosures relating to certain non−GAAP financial measures (as defined in the SEC's Regulation G) that we may make public orally, telephonically, by webcast, by broadcast or by similar means from time to time.

We will post on our website amendments to our Guidelines for Business Conduct and Code of Ethics for Financial Professionals and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange. You can obtain printed copies of these documents, free of charge, upon written request to Judith A. Witterschein, Corporate Secretary, Merrill Lynch & Co., Inc., 222 Broadway, 17th Floor, New York, NY 10038 or by email at corporate_secretary@ml.com. The information on our website is not incorporated by reference into this Report.

Introduction

Merrill Lynch was formed in 1914 and became a publicly traded company on June 23, 1971. In 1973, we created the holding company, ML & Co., a Delaware corporation that, through its subsidiaries, is one of the world's leading capital markets, advisory and wealth management companies with offices in 40 countries and territories and total client assets of almost $2 trillion at December 28, 2007. As an investment bank, we are a leading global trader and underwriter of securities and derivatives across a broad range of asset classes, and we serve as a strategic advisor to corporations, governments, institutions and individuals worldwide. In addition, we own a 45% voting interest and approximately half of the economic interest of BlackRock, Inc. ("BlackRock"), one of the world's largest publicly traded investment management companies with approximately $1.4 trillion in assets under management at December 28, 2007.

Since the fourth quarter of 2006, our business segment reporting reflects the management reporting lines established after the merger of our Merrill Lynch Investment Managers ("MLIM") business with BlackRock on September 29, 2006 (the "BlackRock merger").

by increased earnings from our investments in BlackRock and certain partnerships. Refer to Note 5 to the Consolidated Financial Statements for further information on equity method investments.

Other revenues include gains/(losses) on investment securities, including unrealized losses on certain available-for-sale securities, gains/(losses) on private equity investments that are held for capital appreciation and/or current income, and gains/(losses) on loans and other miscellaneous items. Other revenues were negative $2.2 billion, compared to $2.9 billion in 2006. The decrease primarily reflects loan-related losses of $1.7 billion, a year-over-year decrease in the value of our private equity investments of $1.2 billion, due primarily to the decline in value of our publicly traded investments, other than temporary impairment charges on available-for-sale securities of approximately $900 million and write-downs of approximately $600 million on leveraged finance commitments.

The gain on the merger with BlackRock was $2.0 billion in 2006. This non-recurring gain entirely related to the merger of Merrill Lynch's MLIM business with BlackRock that was completed in the third quarter of 2006. For more information on this merger, refer to Note 18 to the Consolidated Financial Statements.

Compensation and benefits expenses were $15.9 billion for 2007, compared to $16.9 billion in 2006, which included a one-time charge of approximately $1.8 billion related to the adoption of SFAS No. 123R *Share Based Payment* ("SFAS No. 123R"). Excluding this one-time charge in 2006, compensation expenses were up approximately 6%, reflecting higher staffing levels and increased productivity from financial advisors, partially offset by the absence of compensation expenses related to MLIM in 2007. While compensation expenses increased, average compensation per employee was down in 2007 from 2006 levels. See Exhibit 99.1, filed with our 2007 10-K, for a reconciliation of non-GAAP measures.

Non-compensation expenses were $8.2 billion in 2007, up 15% from 2006. Communication and technology costs were $2.1 billion, up 12% from 2006 primarily due to increased costs related to a significant number of system development projects. Brokerage, clearing and exchange fees were $1.4 billion, up 29% from 2006, primarily due to higher transaction volumes, higher equity brokerage fees and exchange fees. Occupancy costs and related depreciation were $1.1 billion, up 15% from a year-ago principally due to higher office rental expenses and office space added via acquisitions. Professional fees were $1.0 billion, up 16% from 2006 driven by higher legal and other professional costs. Advertising and market development costs were $785 million, up 14% from 2006 primarily due to increased costs associated with increased business activity and higher deal-related expenses. Other expenses were $1.5 billion, up 10% from a year ago due primarily to the write-off of $160 million of identifiable intangible assets related to our acquisition of the First Franklin mortgage origination franchise and related servicing platform acquired from National City Corporation (collectively "First Franklin"). For further information on First Franklin, refer to Note 16 to the Consolidated Financial Statements.

U.S. ABS CDO and Other Mortgage-Related Activities
The challenging market conditions that existed during the second half of 2007, particularly those relating to ABS CDOs and sub-prime residential mortgages, remained at year end. Despite the significant reduction of our net exposures to these markets during the third and fourth quarters, at year end we maintained exposures to these markets through securities, derivatives, loans and loan commitments. The following discussion details our activities and net exposures at the end of 2007.

U.S. Sub-Prime Residential Mortgage-Related Activities
We view sub-prime mortgages as single-family residential mortgages displaying more than one high risk characteristic, such as: (i) the borrower has a low FICO score (generally below 660); (ii) a high loan-to-value ("LTV") ratio (LTV greater than 80% without borrower paid mortgage insurance); (iii) the borrower has a high debt-to-income ratio (greater than 45%); or (iv) stated/limited income documentation. Sub-prime mortgage-related securities are those securities that derive more than 50% of their value from sub-prime mortgages.

As part of our U.S. sub-prime residential mortgage-related activities, sub-prime mortgage loans were originated through First Franklin or purchased in pools from third-party originators for subsequent sale or securitization. Mortgage-backed securities are structured based on the characteristics of the underlying mortgage collateral, sold to investors and subsequently traded in the secondary capital markets. As a result of the significant deterioration in the sub-prime mortgage market in 2007, we have substantially reduced our U.S. sub-prime residential mortgage origination, mortgage purchase, and securitization activities, as well as warehouse lending facilities. As of December 28, 2007 we have ceased originating sub-prime mortgages and are evaluating our continued involvement in this market.

At December 28, 2007, our U.S. sub-prime residential mortgage net exposure (excluding Merrill Lynch's bank sub-prime residential mortgage-related securities portfolio which is described in *U.S. Banks Investment Securities Portfolio*) consisted of the following:

- **Sub-prime whole loans:** First Franklin originated mortgage loans through its retail and wholesale channels. Additionally, we purchased pools of whole loans from third-party mortgage originators. As a result of the significant deterioration in the sub-prime mortgage market in 2007, we currently are not originating or purchasing sub-prime residential mortgages. Prior to their sale or securitization, whole loans are predominantly reported on our consolidated balance sheets in loans, notes and mortgages and we account for such loans as held for sale.

We value securitizable whole loans on an "as-if" securitized basis based on estimated performance of the underlying mortgage pool collateral, rating agency credit structure assumptions and market pricing for similar securitizations. Key characteristics include underlying borrower credit quality and collateral performance, mortgage terms and conditions, assumptions on prepayments, delinquencies and defaults. Non-securitizable loans are valued using a combination of discounted liquidation value and re-performing value.

- **Residuals:** We retain and purchase mortgage residual interests, which represent the subordinated classes and equity/first-loss tranche from our residential mortgage-backed securitization activity. We have retained residuals from the securitizations of third-party whole loans we have purchased as well as from our First Franklin loan originations.

  We value residuals by modeling the present value of projected cash flows that we expect to receive, based on actual and projected performance of the mortgages underlying a particular securitization. Key determinants affecting our estimates of future cash flows include estimates for borrower prepayments, delinquencies, defaults and loss severities. Modeled performance and loan level loss projections are adjusted monthly to reflect actual borrower performance information that we receive from trustees and loan servicers.

- **Residential mortgage-backed securities ("RMBS"):** We retain and purchase securities from the securitizations of loans, including sub-prime residential mortgages. We value RMBS securities based on observable prices and securitization cash flow model analysis.
- **Warehouse lending:** Warehouse loans represent collateralized revolving loan facilities to originators of financial assets, such as sub-prime residential mortgages. These mortgages typically serve as collateral for the facility. We generally value these loans at amortized cost with an allowance for loan losses established for credit losses estimated to exist in the portfolio unless deemed to be permanently impaired. In the case of an impairment, the loan receivable value is adjusted to reflect the valuation of the whole loan collateral underlying the facility if the value is less than amortized cost.

The following table provides a summary of our residential mortgage-related net exposures and losses, excluding net exposures to residential mortgage-backed securities held in our U.S. banks for investment purposes which is described in the *U.S. Banks Investments Securities Portfolio* section below.

(DOLLARS IN MILLIONS)	NET EXPOSURES AS OF DEC. 28, 2007	NET LOSSES FOR THE YEAR ENDED DEC. 28, 2007[1]
Residential Mortgage-Related Net Exposures and Losses (excluding U.S. Banks Investment Securities Portfolio):		
U.S. Sub-prime:		
Warehouse lending	$ 137	$ (31)
Whole loans	994	(1,243)
Residuals	855	(1,582)
Residential mortgage-backed securities	723	(332)
Total U.S. sub-prime	**$ 2,709**	**$(3,188)**
U.S. Alt-A	2,687	(542)
U.S. Prime	28,189	N/A
Non-U.S.	9,582	(465)
Mortgage servicing rights	389	N/A
Total	**$43,556**	**$(4,195)**

(N/A) Not applicable as these areas did not generate net losses for the year ended December 28, 2007.
(1) Primarily represents unrealized losses on net exposures.

During 2007, our U.S. sub-prime residential mortgage-related net exposures declined significantly as a result of unrealized losses incurred, securitizations, sales, hedges and changes in loan commitments and related funding.

<u>Other Residential Mortgage-Related Activities</u>
In addition to our U.S. sub-prime related net exposures, we also had net exposures related to other residential mortgage-related activities. These activities consist of the following:

- **U.S. Alt-A:** We had net exposures of $2.7 billion at the end of 2007, which consisted primarily of residential mortgage-backed securities collateralized by Alt-A residential mortgages. These net exposures resulted from secondary market trading activity or were retained from our securitizations of Alt-A residential mortgages, which were purchased from third-party mortgage originators. We do not originate Alt-A mortgages.

  We view Alt-A mortgages as single-family residential mortgages that are generally higher credit quality than sub-prime loans but have characteristics that would disqualify the borrower from a traditional prime loan. Alt-A lending characteristics may include one

or more of the following: (i) limited documentation; (ii) high combined-loan-to-value (''CLTV") ratio (CLTV greater than 80%); (iii) loans secured by non-owner occupied properties; or (iv) debt-to-income ratio above normal limits.

- **U.S. Prime:** We had net exposures of $28.2 billion at the end of 2007, which consisted primarily of prime mortgage whole loans, including approximately $12 billion of prime loans originated with GWM clients and $9.7 billion of prime loans originated by First Republic, an operating division of Merrill Lynch Bank & Trust Co., FSB ("MLBT-FSB"). We also purchase prime whole loans from third-party originators for securitization and for the investment portfolios of Merrill Lynch Bank USA ("MLBUSA") and MLBT-FSB.
- **Non-U.S.:** We had net exposures of $9.6 billion at the end of 2007 which consisted primarily of residential mortgage whole loans originated in the United Kingdom, as well as through mortgage originators in the Pacific Rim.
- **Mortgage Servicing Rights:** We own approximately $400 million of mortgage servicing rights which represent the right to current and future cash flows based on contractual servicing fees for mortgage loans. In connection with our residential mortgage businesses, we may retain or acquire mortgage servicing rights. See Note 6 to the Consolidated Financial Statements for further information.

U.S. ABS CDO Activities

In addition to our U.S. sub-prime residential mortgage-related exposures, we have exposure to U.S. ABS CDOs, which are securities collateralized by a pool of asset-backed securities ("ABS"), for which the underlying collateral is primarily sub-prime residential mortgage loans.

We engaged in the underwriting and sale of U.S. ABS CDOs, which involved the following steps: (i) determining investor interest or responding to inquiries or mandates received; (ii) engaging a CDO collateral manager who is responsible for selection of the ABS securities that will become the underlying collateral for the U.S. ABS CDO securities; (iii) obtaining credit ratings from one or more rating agencies for U.S. ABS CDO securities; (iv) securitizing and pricing the various tranches of the U.S. ABS CDO at representative market rates; and (v) distributing the U.S. ABS CDO securities to investors or retaining them for Merrill Lynch. As a result of the significant deterioration in the sub-prime mortgage market in 2007, we currently are not underwriting U.S. ABS CDOs.

Our U.S. ABS CDO net exposure primarily consists of our super senior ABS CDO portfolio, as well as secondary trading exposures related to our ABS CDO business.

U.S. Super Senior ABS CDO Portfolio

Super senior positions represent our exposure to the senior most tranche in an ABS CDO's capital structure. This tranche's claims have priority to the proceeds from liquidated cash ABS CDO assets. Our exposure to super senior ABS CDOs includes the following securities, which are primarily held as derivative positions in the form of total return swaps:

- High-grade super senior positions, which are ABS CDOs with underlying collateral having an average credit rating of Aa3/A1 at inception of the underwriting by Moody's Investor Services;
- Mezzanine super senior positions, which are ABS CDOs with underlying collateral having an average credit rating of Baa2/Baa3 at inception of the underwriting by Moody's Investor Services; and
- CDO-squared super senior positions, which are ABS CDOs with underlying collateral consisting of other ABS CDO securities which have collateral attributes typically similar to high-grade and mezzanine super senior positions.

Despite the credit rating of these ABS CDO securities (typically AAA at inception of the underwriting), their fair value at December 28, 2007 reflected unprecedented market illiquidity and the deterioration in the value of the underlying sub-prime mortgage collateral. Additionally, rating agencies have been actively reviewing, and in some cases downgrading, these assets and we expect that they will continue to be subject to ongoing rating agency review in the near term.

Secondary Trading Related to the ABS CDO Business

We have secondary trading exposures related to our ABS CDO business, which consists of RMBS and CDO positions previously held in CDO warehouses awaiting securitization, retained securities from CDO securitizations, and related hedges.

For total U.S. super senior ABS CDOs, long exposures were $30.4 billion and short exposures were $23.6 billion at December 28, 2007. Short exposures primarily consist of purchases of credit default swap protection from various third parties, including financial guarantors, insurers and other market participants.

The following table provides a summary of our U.S. super senior ABS CDO net exposures and our secondary trading exposures related to our ABS CDO business as of December 28, 2007. Derivative exposures are represented by their notional amounts as opposed to fair value.

(DOLLARS IN MILLIONS)	NET EXPOSURES AS OF DEC. 28, 2007(1)	NET LOSSES FOR THE YEAR ENDED DEC. 28, 2007(2)
U.S. ABS CDO net exposures and losses:		
U.S. super senior ABS CDO net exposures:		
High-grade	**$ 4,380**	**$ (7,362)**
Mezzanine	**2,184**	**(6,066)**
CDO-squared	**271**	**(1,163)**
Total super senior ABS CDO net exposures and losses	**6,835**	**(14,591)**
Secondary trading	**(1,997)**	**(2,104)**
Total U.S. ABS CDO-related net exposures and losses	**$ 4,838**	**$(16,695)**

(1) Represents long and short exposure of hedges. These hedges are affected by a variety of factors that impact the degree of their effectiveness, including differences in attachment point, timing of cash flows, control rights, litigation, the creditworthiness of the counterparty, limited recourse to counterparties and other basis risks.
(2) Primarily represents unrealized losses on net exposures. Amounts exclude credit valuation adjustments of negative $2.6 billion related to financial guarantor exposures on U.S. super senior ABS CDOs. See table regarding financial guarantor exposures.

Financial Guarantors

We hedge a portion of our gross exposures to U.S. super senior ABS CDOs with various market participants, including financial guarantors. Financial guarantors are generally highly rated monoline insurance companies that provide credit support for a security either through a financial guaranty insurance policy on a particular security or through an instrument such as a credit default swap ("CDS"). Under a CDS, the financial guarantor generally agrees to compensate the counterparty to the swap for the deterioration in the value of the underlying security upon an occurrence of a credit event, such as a failure by the underlying obligor on the security to pay principal or interest.

We hedged a portion of our gross exposures on U.S. super senior ABS CDOs with certain financial guarantors through the execution of CDS that are structured to replicate standard financial guaranty insurance policies, which provide for timely payment of interest and ultimate payment of principal at their scheduled maturity date. CDS gains and losses are based on the fair value of the referenced ABS CDOs. Depending upon the creditworthiness of the financial guarantor hedge counterparty, we may record credit valuation adjustments in estimating the fair value of the CDS.

At December 28, 2007 our short exposures from credit default swaps with financial guarantors to economically hedge certain U.S. super senior ABS CDOs was $13.8 billion, which represented credit default swaps with a notional amount of $19.9 billion that have been adjusted for mark-to-market gains of $6.1 billion. The fair value of these credit default swaps at December 28, 2007 was $3.5 billion, after taking into account a $2.6 billion credit valuation adjustment related to certain financial guarantors. Subsequent to year-end, market conditions have deteriorated resulting in negative rating agency actions for certain financial guarantors. We continue to monitor industry and company specific developments. Further credit deterioration of the financial guarantors who are counterparties to our credit derivatives could have an adverse effect on our future financial performance.

The following table provides a summary of our total financial guarantor exposures for U.S. super senior ABS CDOs as of December 28, 2007.

(DOLLARS IN MILLIONS)	NOTIONAL OF CDS(1)	NOTIONAL OF CDS, NET OF GAINS PRIOR TO CREDIT VALUATION ADJUSTMENT	MARK-TO-MARKET GAINS PRIOR TO CREDIT VALUATION ADJUSTMENTS	CREDIT VALUATION ADJUSTMENTS	MARK-TO-MARKET VALUE OF CDS
Credit Default Swaps with Financial Guarantors (2):					
By counterparty credit quality (3):					
AAA	**$(13,237)**	**$ (9,104)**	**$4,133**	**$ (679)**	**$3,454**
AA	–	–	–	–	–
A	–	–	–	–	–
BBB	–	–	–	–	–
Non-investment grade or unrated	**(6,664)**	**(4,735)**	**1,929**	**(1,929)**	–
Total	**$(19,901)**	**$(13,839)**	**$6,062**	**$(2,608)**	**$3,454**

(1) Represents gross notional amount of credit default swaps purchased as protection for U.S. super senior ABS CDOs. Amounts do not include counterparty exposure with financial guarantors for other asset classes.
(2) Excludes the benefit of $2.0 billion (notional) of credit default swaps purchased from unrelated third parties as protection for exposure to financial guarantors, as well as the related positive mark-to-market adjustments.
(3) Represents rating agency credit ratings as of December 28, 2007.

U.S. Banks Investment Securities Portfolio

The investment securities portfolio of MLBUSA and MLBT-FSB includes investment securities comprising various asset classes. The investment portfolio includes sub-prime mortgage-related securities, as well as ABS CDOs whose underlying collateral includes certain sub-prime residential mortgage-backed securities. See Note 5 to the Consolidated Financial Statements for realized and unrealized gains and losses associated with Merrill Lynch's investment securities.

At December 28, 2007, our net exposures to sub-prime mortgage related securities and ABS CDOs whose underlying collateral includes sub-prime residential mortgage-backed securities in the U.S. banks investment portfolio was $4.2 billion. The amount of losses related to these securities recognized in our 2007 Consolidated Statement of (Loss)/Earnings was approximately $700 million.

Other Exposures in the U.S. Banks Investment Securities Portfolio

In addition to the U.S. sub-prime residential mortgage-related securities, our U.S. banks investment securities portfolio also includes other securities at December 28, 2007 consisting of Alt-A residential mortgage-backed securities (net exposure $7.1 billion), commercial mortgage-backed securities (net exposure $5.8 billion), prime residential mortgage-backed securities (net exposure $4.2 billion), non-residential asset-backed securities (net exposure $1.2 billion) and non-residential CDOs (net exposure $0.9 billion). These securities are included as part of our overall available-for-sale investment portfolio and recorded in mortgage and asset-backed securities.

MLBUSA acts as administrator to a Merrill Lynch established asset-backed commercial paper conduit ("Conduit") vehicle and previously acted as administrator for another Merrill Lynch established Conduit. MLBUSA also either provides or provided liquidity facilities to these Conduits and to a third Conduit, not established by Merrill Lynch, that protect commercial paper holders against short term changes in the fair value of the assets held by the Conduits in the event of a disruption in the commercial paper market, as well as credit facilities to the Conduits that protect commercial paper investors against credit losses for up to a certain percentage of the portfolio of assets held by the respective Conduits. The assets owned by these Conduits included sub-prime residential mortgage-backed securities and ABS CDO securities whose underlying collateral included certain sub-prime residential mortgage-backed securities. During the fourth quarter of 2007, Merrill Lynch purchased the remaining assets of one of the Merrill Lynch established Conduits through the exercise of its liquidity facility and as a result the facility is no longer outstanding. Merrill Lynch does not have any remaining exposure to this Conduit as it is inactive. The assets remaining in the other Merrill Lynch established Conduit are primarily auto and equipment loans and lease receivables. In the fourth quarter of 2007, Merrill Lynch became the primary beneficiary for the remaining Conduit, which was not established by Merrill Lynch, as a result of a reconsideration event under FIN 46R. This Conduit was consolidated by Merrill Lynch and the facility is not considered outstanding. Refer to Notes 6 and 11 to the Consolidated Financial Statements for more information on Conduits.

2006 Compared to 2005

Net revenues in 2006 were $33.8 billion, 34% higher than in 2005. Principal transactions revenues in 2006 increased 99%, to $7.2 billion, due primarily to increased revenues from trading of fixed income, currency, commodity and equity products with the strongest increases coming from credit products, commodities and proprietary trading. Net interest profit in 2006 was $4.2 billion, down 5% due primarily to the impact of rising rates on municipal and equity derivatives and increased interest expense from higher long-term borrowings and funding charges, partially offset by higher short- term interest rates on deposit spreads earned. Managed accounts and other fee-based revenues in 2006 were $6.3 billion, up 10%, reflecting the impact of net inflows into annuitized-revenue products as well as higher equity market values, partially offset by lower revenues from MLIM resulting from the BlackRock merger. Commission revenues in 2006 were $6.0 billion, up 13% due primarily to a global increase in client transaction volumes, particularly in listed equities and mutual funds. Investment banking revenues of $4.6 billion in 2006 increased 23% from 2005 reflecting increases in both debt and equity origination revenues as well as increased strategic advisory revenues. Other revenues were $2.9 billion, up from $1.8 billion due primarily to higher revenues from our private equity investments.

Compensation and benefits expenses were $16.9 billion in 2006, up 37% from 2005, reflecting higher incentive compensation associated with increased net revenues, as well as higher staffing levels. Our 2006 compensation and benefit expenses also reflect the non-cash compensation expenses incurred in 2006 of $1.8 billion related to the adoption of SFAS No. 123R. Compensation and benefits expenses were 49.9% of net revenues for 2006, as compared to 48.7% in 2005. Excluding the one-time impacts related to the adoption of SFAS No. 123R and the BlackRock merger, compensation and benefits were 47.0% of net revenues for 2006. See Exhibit 99.1, filed with our 2007 10-K, for a reconciliation of non-GAAP measures.

Non-compensation expenses were $7.1 billion in 2006, up 15% from 2005. Communications and technology costs were $1.8 billion, up 15% from 2005, due primarily to costs related to technology investments for growth, including acquisitions, and higher market information and communications costs. Brokerage, clearing and exchange fees were $1.1 billion, up 28% from 2005, mainly due to increased transaction volumes. Professional fees were $885 million, up 21% from 2005, reflecting higher legal and consulting fees primarily associated with increased business activity levels. Advertising and market development expenses were $686 million, up 16%

Exhibit 99.2

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Merrill Lynch & Co., Inc.:

We have audited the consolidated financial statements of Merrill Lynch & Co., Inc. and subsidiaries ("Merrill Lynch") as of December 28, 2007 and December 29, 2006, and for each of the three years in the period ended December 28, 2007, and the effectiveness of Merrill Lynch's internal control over financial reporting as of December 28, 2007, and have issued our reports thereon dated February 25, 2008 (which reports express unqualified opinions, include an explanatory paragraph regarding the changes in accounting methods in 2007 relating to the adoption of Statement of Financial Accounting Standards No. 157, *"Fair Value Measurement,"* Statement of Financial Accounting Standards No. 159, *"The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115,"* and FASB Interpretation No. 48, *"Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109,"* and in 2006 for share-based payments to conform to Statement of Financial Accounting Standards No. 123 (revised 2004), *"Share-Based Payment"* and include an explanatory paragraph relating to the restatement discussed in Note 20 to the consolidated financial statements .)

We have also previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Merrill Lynch as of December 30, 2005, December 31, 2004, and December 26, 2003, the related consolidated statements of earnings, changes in stockholders' equity, comprehensive income, and cash flows for the years ended December 31, 2004, and December 26, 2003 (none of which are presented herein); and we expressed unqualified opinions on those consolidated financial statements. (Our report on these financial statements included explanatory paragraphs for the change in accounting method in 2004 for stock-based compensation to conform to SFAS No. 123, *"Accounting for Stock-Based Compensation"* , as amended by SFAS No. 148, *"Accounting for Stock-Based Compensation — Transition and Disclosure"* , by retroactively restating its 2003 consolidated financial statements.)

In our opinion, the information set forth in the "Selected Financial Data" table under the captions "Results of Operations," "Financial Position" and "Common Share Data," for each of the five years appearing on page 19, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

/s/ Deloitte & Touche LLP

New York, New York
February 25, 2008